The Eleventh Annual Report on Progress in Implementing the King County ***Countywide Planning Policies***

King County Benchmarks

2008 Economics

Local Economy Showing Mixed Signs of Growth

The mid-1990's brought exceptional economic growth to the Puget Sound region, buoyed by a strong national economy. Between 1995 and 2000, nearly 8,000 new businesses were established in King County. This business expansion was accompanied by strong gains in employment and wages, especially within the high-tech sector. With unprecedented growth in the 1990's, wages in the software publishing industry peaked in 1999. However, industry wages dropped just as precipitously as they had grown in the 1990's in the early years of this decade. This decrease accompanied other signs of economic downturn as the region faced a national recession, the results of which are shown in this bulletin.

Since 1996, per capita personal income (PCPI) in King County has averaged almost 5% annual growth. However, the lion's share of this growth occurred in the late 1990's. Beginning in 2000, the rate of growth in per capita personal income decreased noticeably, with very small gains in the early years of this decade. When adjusted for inflation, King County's PCPI in 2006 had not yet returned to incomes recorded in 2000.

Both nationally and within King County, median household incomes have also struggled to keep pace with inflation and have yet to return to their 1989 levels, despite gains over the last two years. A trend seen nationally, but more pronounced in King County, is the shrinking of the middle class with "moderate" income households accounting for an increasingly smaller share of the nation's (and county's) households. As shown in Indicator 2, this trend is led by income gains for households earning more than 150% of median income.

King County gained nearly 50,000 net new jobs between 2002 and 2006, with strong gains in both construction and administrative/ waste services. These sectors also experienced strong growth in wages, each increasing about 12% during this time period. During this time the information sector experienced decreases in firms and average wages. Despite these losses, the information sector continues to pay higher wages than any other sector in King County, with employees averaging $108,000 annually.

Other indicators of King County's economic footing will be addressed in the upcoming Transportation and Affordable Housing Bulletins, highlighting recent changes in housing costs and availability in King County as well as the commuting practices of King County's residents.

What's Inside

When adjusted for inflation, ***Real Wages Per Worker*** in King County have climbed 25% since 1990 ***(Indicator 1, page 2)***.

Over the last decade, both ***Per Capita Personal Income and Median Household Income*** in King County have increased at a faster rate than the national average with King County residents now earning 143% more than their national counterparts and households earning 131% more than their national counterparts ***(Indicator 2, page 4)***.

At 9.5%, there is a smaller ***Percentage of King County's Population Below the Poverty Level*** than is measured in Washington State and nationally ***(Indicator 3, page 6)***.

Slowly recovering from a national and regional recession, King County realized a net loss in the ***Number of New Businesses Created*** between 2002 and 2006 ***(Indicator 4, page 7)***.

King County is also seeing a gain in the ***Number of New Jobs Created, by Employment Sector***, with a 4% increase in employment between 2002 and 2006 ***(Indicator 5, page 8)***.

Despite job losses, aerospace product/ parts manufacturing continues to provide strong ***Employment in Industries that Export from the Region*** ***(Indicator 6, page 10).***

With 45% of the adult population possessing a bachelor's degree or higher, the ***Educational Background of the Adult Population*** in King County is more advanced than seen nationally with 27% of adults throughout the United States holding at least a bachelor's degree ***(Indicator 7, page 12).***

The On-Time ***High School Cohort Graduation Rate*** for the Class of 2005 in King County's 19 school districts was 76.5%, two percentage points higher than the Washington State average ***(Indicator 8, page 13).***

NOTE: due to data availability, this bulletin reports economic indicators through the year 2006 only.

Real Wages Per Worker

OUTCOME: PROMOTE FAMILY-WAGE JOBS

Countywide Planning Policy Rationale

"Economic development is growth and change in the economy whereby the economic health of the region...is enhanced. An important component...is...the maintenance and creation of higher (family) wage jobs." (CPP FW-35) "Jurisdictions' comprehensive plans shall address the historic disparity in income and employment opportunities for minorities, women, and economically disadvantaged individuals" (CPP ED-12)

From 2002 to 2006, wages across all sectors increased 12% to $53,490. As shown in Figure 1.1, only the Information sector experienced a loss in average wages, driven by decreases in the software publishing industry. Accommodating more than one-half of the jobs within the Information sector, the software publishing industry experienced a 26% decrease in wages. Despite this decrease, software publishing continues to provide high wages, averaging $125,000 in 2006. Providing another 20% of the jobs within the Information sector, the telecom industry averaged wages of $85,000 in 2006, a 25% increase from 2002.

The Finance and Insurance sector experienced the strongest growth in wages. With little change to the number of employees and firms, wages increased 33% to $82,000. The Construction and Administration/ Waste Services sectors followed similar employment trends between 2002 and 2006. Both sectors experienced a small decrease in employers, accompanied by strong growth in employment and about 12% growth in wages.

Figure 1.1

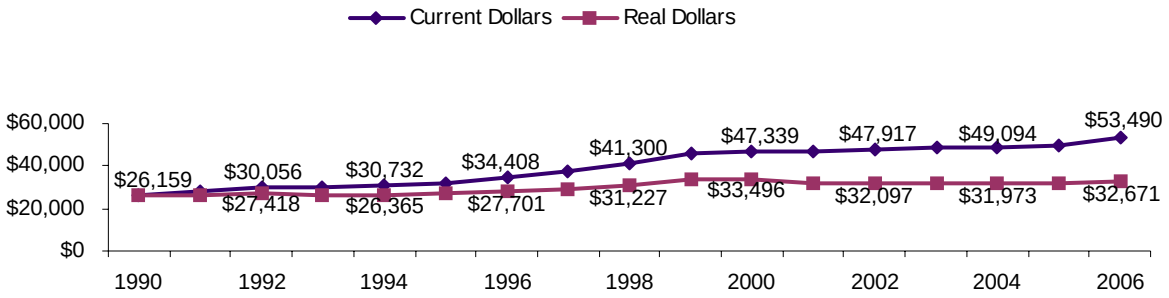
King County Average Covered Employment and Wages by Sector

	2002			2006		
SECTOR	Employment	Firms	Average Wages Paid per Employee	Employment	Firms	Average Wages Paid per Employee
Agriculture, forestry, fishing and hunting	3,057	458	$51,067	2,651	367	$65,648
Construction	55,665	7,029	$45,618	66,644	6,560	$50,546
Manufacturing	117,068	2,814	$60,127	111,210	2,455	$69,504
Wholesale trade	61,069	7,796	$55,614	62,386	6,971	$66,066
Retail trade	112,716	5,263	$29,550	111,964	4,548	$33,434
Transportation and warehousing	44,805	1,468	$44,074	44,599	1,318	$49,155
Information	68,739	1,626	$124,305	72,201	1,496	$107,509
Finance and insurance	51,594	2,652	$62,039	51,320	2,725	$82,409
Real estate and rental and leasing	23,689	2,484	$35,104	25,238	2,578	$43,660
Professional and technical services	77,900	8,753	$60,988	83,533	8,278	$71,204
Management of companies and enterprises	20,914	304	$75,523	23,932	305	$92,398
Administrative and waste services	59,423	3,703	$34,542	71,250	3,490	$38,798
Educational services	13,692	932	$29,362	14,642	925	$32,625
Health care and social assistance	92,474	4,470	$36,242	102,900	4,654	$42,353
Arts, entertainment, and recreation	18,732	840	$30,429	20,563	842	$38,471
Accommodation and food services	79,171	3,909	$16,764	86,549	4,089	$18,395
Other services, except public administration	48,447	24,367	$23,347	45,115	17,425	$27,972
Government	151,773	307	$43,162	151,964	286	$49,922
Not classified	1,751	72	$62,040	1,429	53	$73,273
TOTAL	**1,102,678**	**79,242**	**$47,917**	**1,150,083**	**69,360**	**$53,490**

source: Washington State Employment Security Department

Figure 1.2

Average Wages in King County: 1990-2006



source: Washington State Employment Security Department

Averaging $53,490 in 2006, wages have doubled since 1990 with the most notable period of growth occurring between 1997 and 2000. During this 16-year period, wages averaged 5% annual growth. When adjusted for inflation, wages have grown 25% since 1990, but have struggled to keep pace with inflation since peaking in 1999. At $32,671 in 2006, real wages have not yet returned to their 1999 levels.

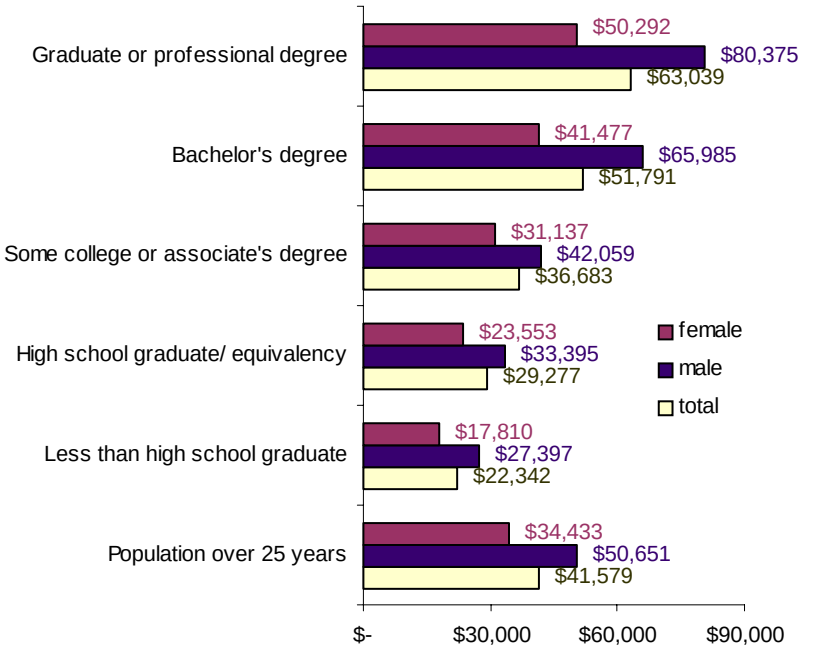
Data taken from the Census Bureau's 2006 American Community Survey (ACS) reports median earnings for King County's adult working population over the age of 25 to be $41,579, approximately 30% more than the median earnings of the equivalent US population. The difference in earnings between King County and US adults is most pronounced for working adults with less than a high school equivalency, with adults nationwide earning $18,600 and King County adults earning $22,300. Conversely, the earnings gap for these two populations is smallest for working adults with a graduate or professional degree, with King County adults earning only 5% more than their US counterparts.

Both in King County and nationally, women earn about 68 cents to every dollar earned by their male counterparts. As shown in Figure 1.3, the earnings gap for King County women is smallest for those with some college or an associate's degree, earning 74 cents to every dollar earned by their male counterparts. The gap is largest for working adults in King County with a graduate or professional degree. In this peer group, women typically gross less than 63% of the earnings of men, a difference of $30,000.

For both men and women, educational gains appear to accompany earnings gains. Men who have received a bachelor's degree typically earn over 58% more than men who have only completed some college or received an associate's degree. The gap is greater for men who have only earned a high school equivalency, earning about one-half of the earnings of those men with bachelor's degrees. Similarly, earnings for women with bachelor's degrees are 76% higher than for those women with a high school equivalency only.

Figure 1.3

Median Earnings by Educational Attainment and Gender: 2006



source: American Community Survey

Per Capita Personal Income and Median Household Income: King County Compared to the United States

OUTCOME: INCREASE INCOME AND REDUCE POVERTY

Countywide Planning Policy Rationale

"Jurisdictions should cooperatively create an environment which sustains the economic vitality of the region.... An important component...is ...the maintenance and creation of higher (family) wage jobs." (CPP IX, Intro., FW-35) "Jurisdictions' comprehensive plans shall address the historic disparity in income and employment opportunities for minorities, women, and economically disadvantage individuals." (CPP ED-12)

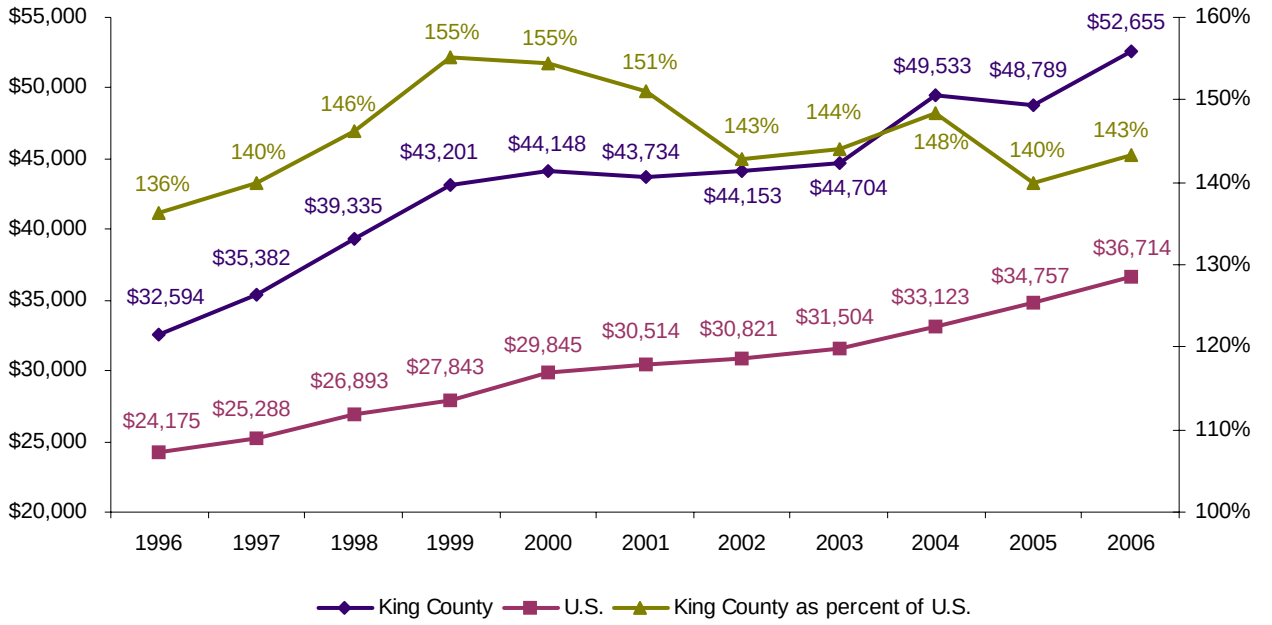
Per Capita Personal Income. Personal income includes several sources of income: net earnings, dividends, interest, rent and personal current transfer receipts. In 2006, net earnings accounted for 71% of total personal income (TPI) for the residents of King County; dividends, interest and rent accounted for 21% of TPI; and personal current transfer receipts accounted for the remaining 8% of TPI.

Among Washington State's 39 counties, King County's per capita personal income (PCPI) of $52,655 was the state's highest in 2006. The county's PCPI also exceeded the national average of $36,714, ranking 47th among the nation's 3,100 counties.

Since 1996, per capita personal income in King County has averaged an annual increase of almost 5%, compared to the national average of 4.3% annual growth. Much of the county's income growth occurred between 1996 and 2000 when incomes averaged 8% annual growth, compared to less than 5% annual growth nationally. However, just as King County's gains in the 1990's were stronger than those experienced nationally, the effects of the national recession were more acute in King County, where PCPI grew only 1% between 2000 and 2003. Strong gains in dividends, interest and rent increased PCPI over 10% in 2004. As shown in Figure 2.1, King County's PCPI rebounded in 2006, following a slight decrease in PCPI between 2004 and 2005, that was driven by an almost 15% drop in income from dividends, interest and rent.

Figure 2.1

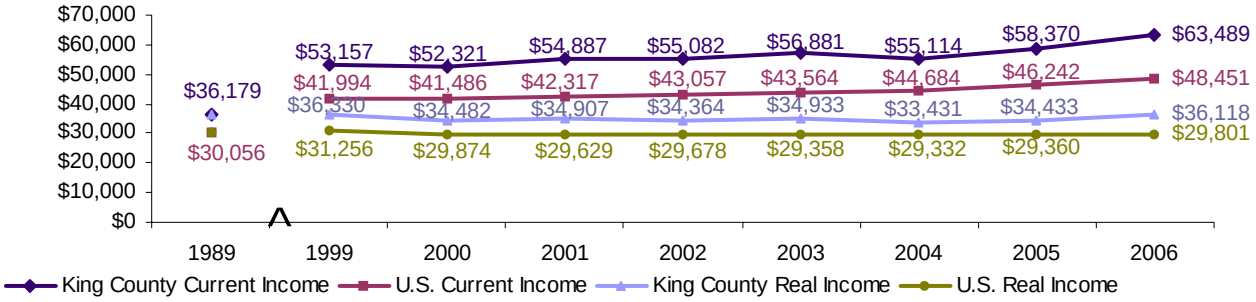
King County and National Per Capita Personal Income



source: U.S. Department of Commerce Bureau of Economic Analysis

Figure 2.2

King County and National Median Household Income



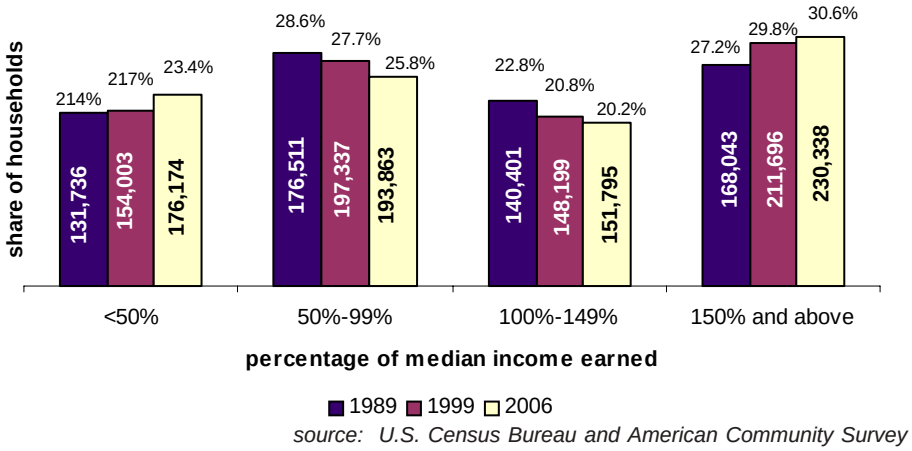
source: U.S. Census Bureau and American Community Survey

Median Household Income. At $63,500, King County's median household income was more than 30% greater than the national median household income of $48,500 in 2006. As reported by the US Census Bureau and American Community Survey, King County's median household income averaged less than 4% annual growth from 1989 to 2006. In this same time period, household incomes throughout the United States increased at a lower rate, averaging 2.8% growth per year. As shown in Figure 2.2, incomes nationally and in King County have failed to keep pace with inflation since 1989 and have yet to return to their 1989 levels, despite gains over the last two years.

Figure 2.3 shows the distribution of King County's households by income in 1989, 1999 and 2006. In 2006, 176,000 of the county's households earned less than $31,745 (one-half of median household income). Another 230,000 households earned more than $95,234 (150% of median household income). These two income groups accounted for 54% of the county's 752,200 households, with the remaining households earning incomes between 50% and 149% of median income.

Figure 2.3

King County Household Income Distribution



source: U.S. Census Bureau and American Community Survey

Since 1989, the distribution of households has shown a distinct trend of decreasing "moderate" incomes (those households earning between 50% and 149% of median household income). In 1999, as in 1989, more than one-half of the county's households earned between 50% and 149% of median income. By 2006, only 46% of the county's households were "moderate" income households. The shrinking of the middle class is also seen nationally, though the trend is more pronounced in King County than nationally. King County's growing income disparity appears to be driven by an increase in higher-income earning households, as seen in rising personal incomes and wages in King County.

Percentage of Population Below the Poverty Level

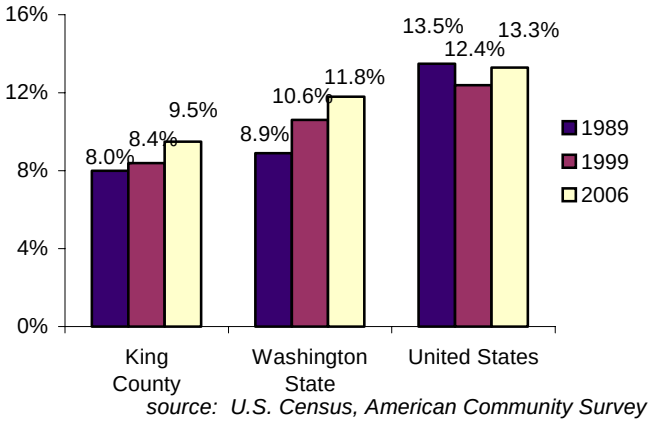
OUTCOME: INCREASE INCOME AND REDUCE POVERTY

Countywide Planning Policy Rationale

" An important component of achieving economic development is through...the empowerment of economically disadvantaged citizens and neighborhoods.... " (CPP FW-35) "Jurisdictions shall develop strategies and support community-based actions to involve minorities, women and economically disadvantaged individuals in improving their economic future" (CPP ED-12).

Figure 3.1

Percent of Persons Below the Poverty Level			
	King County	Washington State	United States
1989	**8.0%**	**8.9%**	**13.5%**
1999	**8.4%**	**10.6%**	**12.4%**
2000	8.9%	11.6%	11.6%
2001	8.9%	10.8%	12.1%
2002	9.2%	11.4%	12.4%
2003	7.3%	11.0%	12.7%
2004	10.4%	13.0%	13.1%
2005	9.5%	11.9%	13.3%
2006*	**9.5%**	**11.8%**	**13.3%**



source: U.S. Census, American Community Survey

*The *2006 American Community Survey* included Group Quarters. Comparison to 2000-2005 ACS data should be made with caution, as prior years did not include Group Quarters. With the addition of Group Quarters, the 2006 poverty rate may be slightly higher than anticipated.

The U.S. Census Bureau and American Community Survey (ACS) base poverty on dollar value thresholds by family size and composition. In 2006, the ACS established that a family of four with two related children under 18 years of age lived in poverty if its annual income was under $20,393. An individual under 65 years of age with an income below $10,462 was considered to be living in poverty. These thresholds are set nationally and do not account for local cost ot living differences.

With 11.8% of the population living in poverty in 2006, Washington State's poverty rate ranked 32nd in the nation. Mississippi's poverty rate ranked the highest at 21.1%. Maryland's poverty rate was the lowest in the nation at 7.8% of that state's population. Within the four-county Puget Sound region, the poverty rate varied from 7.6% in Snohomish County to 11.5% in Pierce County.

Figure 3.2

2006 Poverty Rate by Population*				
	White/ Not Hispanic or Latino	Black or African American	Asian	Hispanic
Population**	1,246,177	102,490	236,860	129,138
Population below poverty level	86,958	29,809	21,296	18,787
Male	*41,933*	*14,764*	*10,288*	*9,186*
Female	*45,025*	*15,045*	*11,008*	*9,601*
Poverty Rate	**7.0%**	**29.1%**	**9.0%**	**14.5%**

source: American Community Survey

*due to small sample size, no data is available for poverty rates of American Indian/ Native Alaska or Native Hawaiian/ other Pacific Islander populations. **includes the population for whom poverty status was identified by ACS.

While King County's poverty rate has increased since 1999, it has not impacted King County's population equally. Though poverty rates for the Asian, White (Not Hispanic or Latino), and Hispanic/ Latino populations have decreased, the rate of Black/ African American individuals has grown markedly. In 1999, 20% of the Black/ African American population in King County was identified as living under the poverty rate. By 2006, the poverty rate for this population had increased to almost 30%.

Number of New Businesses Created

OUTCOME: INCREASE BUSINESS FORMATION, EXPANSION AND RETENTION

Countywide Planning Policy Rationale

"Local jurisdiction's comprehensive plans shall include policies intended to foster...a business climate which is supportive of business formation, expansion, and retention and recognizes the importance of small businesses in creating new jobs...."(CPP ED-6) "Where appropriate, jurisdictions' plans shall include policies intended to attract and retain industries, firms and jobs, within their locally determined or zoned manufacturing and industrial areas." (CPP ED-8)

Between 2002 and 2006, King County experienced 3,100 business losses. As shown in figure 4.1, all sectors (with the exception of Management of companies and enterprises) experienced business closings between 2002 and 2004. As the region recovered from a recession, the Washington State Employment Security Department reported net business increases after 2004, led by gains in construction.

Wholesale and retail trade collectively sustained one-half of the business losses reported between 2002 and 2006, though neither sector incurred notable changes in overall employment. Within the wholesale trade sector, the greatest business declines occurred in durable and non-durable goods wholesale establishments, with almost 2,000 business closings, representing a loss of one in three establishments during this time. Total wholesale trade business losses were ameliorated by an increase of 1,150 new business-to-business electronic market firms in this time period. Shifts in these wholesale trade subsectors, resulted in 825 wholesale trade sector business closings. Despite these losses, the sector gained 1,300 jobs.

Retail trade incurred a loss of 700 businesses, with losses in all "storefront" retail sectors. Despite these losses, fewer than 1,000 jobs were lost between 2002 and 2006, a decrease of less than 1% of the county's retail sector employment.

Figure 4.1

King County Average Firms and Annual Change

SECTOR	2002	*annual change*	2003	*annual change*	2004	*annual change*	2005	*annual change*	2006
Agriculture, forestry, fishing and hunting	458	*-9%*	418	*-8%*	383	*-2%*	377	*-3%*	367
Construction	7,029	*-7%*	6,538	*-7%*	6,111	*3%*	6,281	*4%*	6,560
Manufacturing	2,814	*-5%*	2,670	*-5%*	2,532	*-2%*	2,474	*-1%*	2,455
Wholesale trade	7,796	*-4%*	7,479	*-5%*	7,107	*-3%*	6,905	*1%*	6,971
Retail trade	5,263	*-5%*	4,992	*-7%*	4,655	*-2%*	4,578	*-1%*	4,548
Transportation and warehousing	1,468	*-6%*	1,386	*-8%*	1,274	*2%*	1,301	*1%*	1,318
Information	1,626	*-11%*	1,450	*-8%*	1,333	*5%*	1,401	*7%*	1,496
Finance and insurance	2,652	*-3%*	2,569	*-3%*	2,499	*4%*	2,590	*5%*	2,725
Real estate and rental and leasing	2,484	*-0.2%*	2,479	*-1%*	2,451	*3%*	2,519	*2%*	2,578
Professional and technical services	8,753	*-6%*	8,201	*-5%*	7,753	*2%*	7,885	*5%*	8,278
Management of companies and enterprises	304	*2%*	311	*0.0%*	311	*-1%*	308	*-1%*	305
Administrative and waste services	3,703	*-5%*	3,519	*-4%*	3,366	*1%*	3,387	*3%*	3,490
Educational services	932	*-2%*	915	*-3%*	891	*1%*	902	*3%*	925
Health care and social assistance	4,470	*1%*	4,504	*-1%*	4,468	*2%*	4,557	*2%*	4,654
Arts, entertainment, and recreation	840	*0.0%*	840	*-3%*	815	*0%*	817	*3%*	842
Accommodation and food services	3,909	*-0.2%*	3,902	*-2%*	3,841	*3%*	3,975	*3%*	4,089
Other services, except public administration*	3,992	*-3%*	3,857	*-3%*	3,745	*1%*	3,792	*1%*	3,840
Government	307	*-1%*	305	*-3%*	295	*-3%*	286	*0.2%*	286
Not classified	72	*-14%*	62	*-6%*	58	*-5%*	55	*-4%*	53
TOTAL*	**58,867**	***-4.2%***	**56,391**	***-4%***	**53,885**	***1%***	**54,387**	***3%***	**55,775**

source: Washington State Employment Security Department

*Other services, except public administration does not include private households. "Total" row may not sum due to rounding.

Number of New Jobs Created, by Employment Sector

OUTCOME: INCREASE BUSINESS FORMATION, EXPANSION AND RETENTION

Countywide Planning Policy Rational

"Local jurisdictions and the County shall work cooperatively on a regional basis and invite private sector participation to evaluate the trends...and to analyze the economic needs of key industries. Local jurisdictions....shall include policies intended to foster...a business climate which is supportive of business formation, expansion, and retention and recognizes the importance of small businesses in creating new jobs. Jurisdictions shall cooperate to establish economic diversification and development goals for the multi-County region [and]...identify the contribution they will make." (CPPs ED-6, ED-7)

Rebounding from recession in the early part of the decade, King County gained nearly 50,000 net new jobs between 2002 and 2006. Despite only representing a moderate proportion of total jobs in King County, two sectors made particularly large contributions to overall job growth; both construction and administrative and waste services increased their net employment 20% to combine for almost 23,000 net new jobs over this period. The health care and social assistance sector, representing nearly a tenth of all jobs countywide, also produced strong gains with an 11% increase in net employment. Notable recent increases in net jobs also occurred in the following sectors: accommodation and food services; professional and technical services; and information.

Since 2002, net employment in the largest sector, government, has remained relatively constant. Likewise, both the retail and wholesale trade sectors experienced little net change in number of jobs. The most noticeable declines occurred in the manufacturing sector, largely driven by aerospace manufacturing.

As presented in Figure 5.2, despite a strong increase in 2006, the manufacturing sector still shows a net loss of jobs over the last 5 years, having lost nearly 15,000 jobs in 2003 and 2004 alone. Other services, except public administration also realized a net loss in jobs, driven by a loss of almost 3,800 jobs in private households (including nanny, maintenance and other domestic care employment).

Figure 5.1

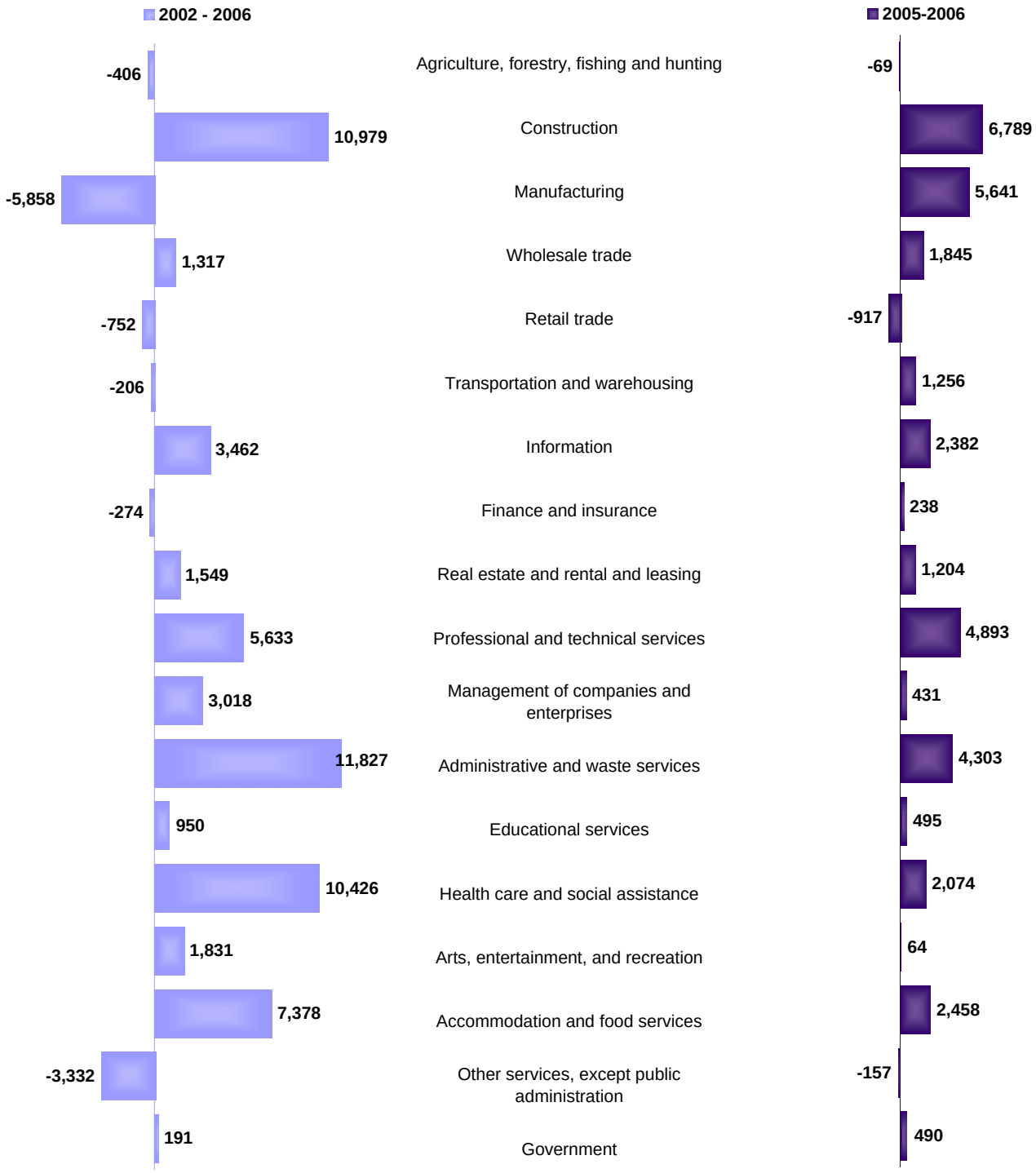
King County Average Employment by Sector: 2002 - 2006

SECTOR	2002	2003	2004	2005	2006
Agriculture, forestry, fishing and hunting	3,057	2,746	2,690	2,720	2,651
Construction	55,665	54,013	55,832	59,855	66,644
Manufacturing	117,068	104,317	102,096	105,569	111,210
Wholesale trade	61,069	60,038	60,693	60,541	62,386
Retail trade	112,716	111,819	111,729	112,881	111,964
Transportation and warehousing	44,805	43,773	44,281	43,343	44,599
Information	68,739	67,939	67,997	69,819	72,201
Finance and insurance	51,594	52,543	51,405	51,082	51,320
Real estate and rental and leasing	23,689	24,334	24,427	24,034	25,238
Professional and technical services	77,900	75,214	74,597	78,640	83,533
Management of companies and enterprises	20,914	22,098	22,654	23,501	23,932
Administrative and waste services	59,423	58,731	62,339	66,947	71,250
Educational services	13,692	13,903	14,166	14,147	14,642
Health care and social assistance	92,474	93,511	96,368	100,826	102,900
Arts, entertainment, and recreation	18,732	19,561	21,087	20,499	20,563
Accommodation and food services	79,171	79,736	81,096	84,091	86,549
Other services, except public administration	48,447	48,832	46,292	45,272	45,115
Government	151,773	152,737	152,507	151,474	151,964
Not classified	1,751	1,646	1,445	1,356	1,429
TOTAL	**1,102,678**	**1,087,482**	**1,093,699**	**1,116,590**	**1,150,083**

source: Washington State Employment Security Department

Figure 5.2

King County Job Change by Sector: 2002 - 2006 and 2005 - 2006



source: Washington State Employment Security Department

Employment in Industries that Export from the Region

OUTCOME: INCREASE JOBS THAT ADD TO KING COUNTY'S ECONOMIC BASE

Countywide Planning Policy Rationale

"Local jurisdictions' plans shall include policies that actively support the retention and expansion of the economic base....Local jurisdictions' comprehensive plans shall include policies intended to foster the development and retention of those businesses and industries that export their goods and services outside the region. These businesses and industries are critical to the economic strength and diversification of the economy." (CPP ED-6)

About this Indicator: *This indicator is intended to identify employment in industries that export their products or services from King County. However, due to methodological deficiencies, it is extremely difficult to accurately identify export sector employment in King County. Considering these challenges, this indicator uses economic base theory to estimate industry employment that exists in higher concentrations in King County compared to the U.S. average.*

This common method for analyzing a region's economic base calculates a simple ratio between the local economy and a larger reference economy to determine its location quotient. Location quotients are established for all industries to determine whether or not the local economy has a greater share than expected of a given industry. A location quotient greater than 1.0 indicates a larger share of jobs than expected in the region when compared to the nation.

Figures 6.1 and 6.2 below list the top ten industries in King County by location quotient in both 2002 and 2006, including comparison with the total numbers of jobs in those industries. Only those industries that provide more than 0.25% of countywide employment are included. For this analysis, industry designations are based on 4-digit NAICS codes, while more general sector designations are based on 2-digit NAICS codes.

Although both the software publisher industry and the aerospace product and parts manufacturing industry provide nearly the same number of total jobs in King County in 2006, figure 6.2 shows the software publisher industry has a noticably higher location quotient, providing nearly twenty times the number of jobs locally than expected when compared to the nation. This industry has increased local employment by nearly 25% since 2002 while industry employment decreased nationally, thereby increasing its location quotient.

Figure 6.1

Top 10 Industries in King County by Location Quotient: 2002

rank	INDUSTRY*	*SECTOR*	TOTAL JOBS	LOCATION QUOTIENT
1	Software publishers (5112)	*INFO*	34,627	15.68
2	Aerospace product and parts manufacturing (3364)	*MFG*	47,105	11.44
3	Seafood product preparation and packaging (3117)	*MFG*	3,460	8.99
4	Sea, coastal, and Great Lakes transportation (4831)	*TRANS*	2,563	8.88
5	Wireless telecommunications carriers (5172)	*INFO*	10,707	6.18
6	Private households (8141)	*OTHER*	16,684	4.16
7	Electronic shopping and mail-order houses (4541)	*RET. TRADE*	5,424	2.80
8	Scheduled air transportation (4811)	*TRANS*	12,540	2.74
9	Freight transportation arrangement (4885)	*TRANS*	4,029	2.73
10	Other personal services (8129)	*OTHER*	3,613	1.83

source: U.S. Bureau of Labor Statistics

*Industry classifications are based on 4-digit NAICS codes; sectors represent 2-digit NAICS codes. Using King County and national employment data, these 10 industries were found to have a larger concentration of employment in King County compared to the U.S. average. Does not include industries that represent less than 0.25% of countywide employment.

In contrast, the areospace product and parts manufacturing industry lost jobs in King County since 2002 despite a national increase in industry employment, and its location quotient likewise dipped.

The top five industries with the highest location quotients have not changed since 2002, featuring two industries in the Manufacturing sector and two in the Information sector. This includes the wireless telecommunications industry, which remained in the top 5 in 2006 despite a decline of more than 1,500 jobs locally since 2002 while industry employment increased nationwide.

Nine of the top ten industries on the list in 2002 make the rankings again in 2006. Although its location quotient remained constant from 2002 to 2006, the industry that provides support activities for water transportation did not make the rankings in 2002 because its share of countywide employment was below the 0.25% threshold used in this analysis.

Nationally, employment in private households increased 16% from 2002 to 2006, but experienced a 25% decline over that period locally and a subsequent drop in location quotient.

Using data from the *World Institute for Strategic Economic Research (WISER) foreign trade database* , the Washington State Office of Financial Management (OFM) tracks the value of Washington state exports over time. Between 1997 and 2005, OFM estimates that Washington state annually exported an average of $40 billion of goods. With strong growth between 2005 and 2007, Transportation Equipment now accounts for 64% of the state's total exports in value. Washington state's top 10 exporting industries are shown below.

Top 10 Exporting Industries in Washington State 2007

Industry	Export Value ($ millions)
Transportation Equipment	$42,665
Agricultural Products	$6,548
Computer & Electronic Products	$3,347
Machinery, Except Electrical	$2,098
Food & Kindred Products	$2,097
Primary Metal Manufacturing	$1,172
Petroleum & Coal Products	$1,122
Paper	$912
Misc. Manufactured Commodities	$888
Chemicals	$790
Total*	$66,258

source: Washington State Office and Financial Management

* Total value of exports in 2007 was $66 billion, with the top 10 exporting industries accounting for 93% of that value.

Figure 6.2

Top 10 Industries in King County by Location Quotient: 2006

rank	INDUSTRY*	*SECTOR*	TOTAL JOBS	LOCATION QUOTIENT
1	**Software publishers (5112)**	*INFO*	42,974	19.96
2	**Aerospace product and parts manufacturing (3364)**	*MFG*	42,871	10.29
3	**Seafood product preparation and packaging (3117)**	*MFG*	3,457	9.57
4	**Sea, coastal, and Great Lakes transportation (4831)**	*TRANS*	2,866	8.50
5	**Wireless telecommunications carriers (5172)**	*INFO*	9,219	5.18
6	**Electronic shopping and mail-order houses (4541)**	*RET. TRADE*	5,983	2.89
7	**Support activities for water transportation (4883)**	*TRANS*	2,537	2.88
8	**Private households (8141)**	*OTHER*	12,722	2.73
9	**Scheduled air transportation (4811)**	*TRANS*	10,098	2.61
10	**Freight transportation arrangement (4885)**	*TRANS*	4,167	2.60

source: U.S. Bureau of Labor Statistics

*Industry classifications are based on 4-digit NAICS codes; sectors represent 2-digit NAICS codes. Using King County and national employment data, these 10 industries were found to have a larger concentration of employment in King County compared to the U.S. average. Does not include industries that represent less than 0.25% of countywide employment.

Educational Background of Adult Population

OUTCOME: INCREASE EDUCATIONAL SKILL LEVELS

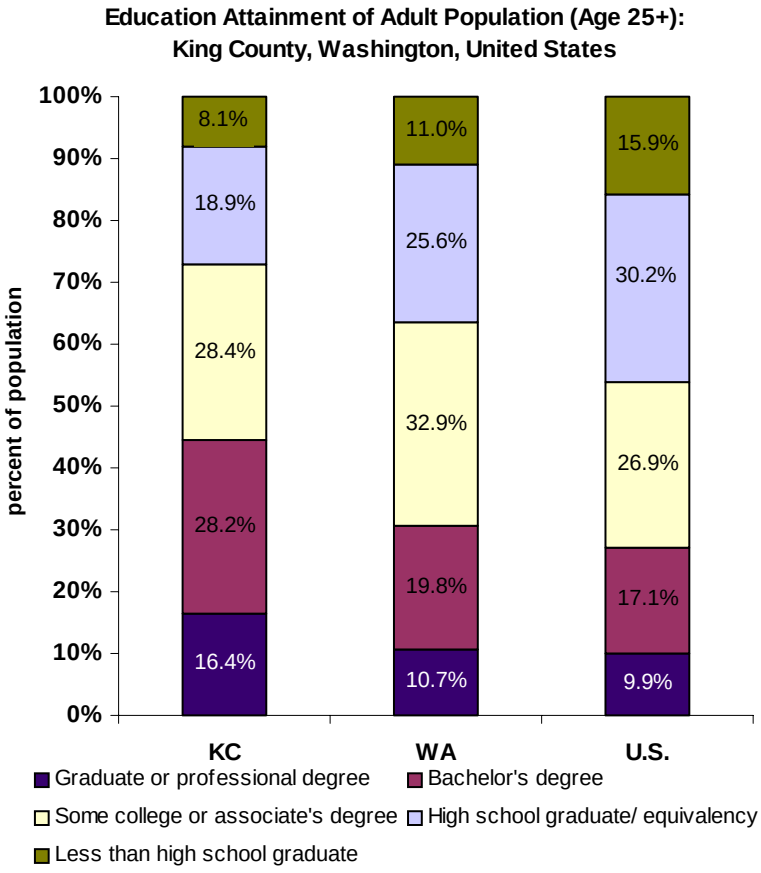
Countywide Planning Policy Rationale

"An important component of achieving economic development is through...improved job training and educational opportunities..." (CPP FW-35) "Job training, retraining, and educational opportunities are critical to develop and maintain a highly skilled workforce." (CPP, ED-13)

Almost 92% of King County's adult population (age 25+) has graduated high school. Close to 45% of the adult population has earned a bachelor's degree or higher. Men have a slightly higher rate of education attainment, with almost 47% of men earning post-secondary degrees compared to 43% of their female counterparts.

The percentage of King County's adult population with a bachelor's degree or higher is markedly higher than those in Washington state and nationally. For one in six American adults, a bachelor's degree is the highest degree earned, compared to one in five adults in Washington state and one in four adults in King County. This education gap is more pronounced for adults earning graduate or professional degrees. One in six adults in King County have earned these advanced degrees, compared to about one in ten adults in Washington state and nationally earning these degrees. As shown in figure 7.2, education attainment among King County's adult population is comparable to other large metropolitan areas.

Figure 7.1



source: American Community Survey

Figure 7.2

Education Attainment of Adult Population (Age 25+) in U.S. Counties

	Arlington County, VA	Hennepin County, MN	**King County**	Maricopa County, AZ	Miami Dade County, FL	Multnomah County, OR	San Diego County, CA	San Francisco, CA	Santa Clara County, CA	Suffolk County, MA
Percent high school graduate or higher	92.3%	92.0%	**91.9%**	84.0%	76.2%	88.0%	84.9%	84.9%	86.2%	82.0%
Percent bachelor's degree or higher	67.2%	41.7%	**44.6%**	27.8%	26.5%	35.5%	33.3%	50.4%	44.1%	37.8%
Graduate or professional degree	34.3%	14.0%	**16.4%**	9.8%	9.6%	13.6%	12.7%	18.9%	19.0%	16.3%

source: American Community Survey

High School Cohort Graduation Rate

OUTCOME: INCREASE EDUCATIONAL SKILL LEVELS

Countywide Planning Policy Rationale

"An important component of achieving economic development is through...improved job training and educational opportunities..." (CPP FW-35) "Job training, retraining, and educational opportunities are critical to develop and maintain a highly skilled workforce. Jurisdictions shall cooperate in efforts to meet these training and educational needs on a Countywide basis." (CPP, ED-13)

High school graduation rates provide an indicator of our region's capacity to prosper economically with a highly skilled workforce. As shown in figure 8.1, both graduation and dropout rates vary widely among King County's 19 school districts. Collectively, the districts graduated over 76% of the county's 17,268 enrolled seniors in 2005. An estimated 15% of the students in the Class of 2005 dropped out in their high school years, not receiving a diploma with their cohort. However, with a continue rate (those students continuing their education beyond their expected data of graduation) of almost 9%, more students from the 2005 Cohort have since graduated.

It is estimated that about one-quarter of the state's 314,000 public high school students are enrolled in public schools in King County. The collective dropout rate for King County's 19 school districts in the 2004-2005 academic year is 4%, slightly lower than the state average of 5%. In King County, as in Washington State, over one-half of the students who dropped out had an unknown enrollment status. Some of these students may have dropped out, recieved a GED or moved out of state.

Figure 8.1

2005 Cohort Graduation and Dropout Rates

School District	Estimated On-Time Graduation Rate	Estimated Extended Graduation Rate	Cumulative Dropout Rate
Auburn	88.7%	96.2%	10.3%
Bellevue	86.0%	89.4%	9.0%
Enumclaw	89.8%	93.5%	9.9%
Federal Way	74.7%	81.0%	17.3%
Highline	65.3%	74.6%	22.7%
Issaquah	93.6%	96.6%	5.5%
Kent	73.0%	76.5%	24.9%
Lake Washington	90.2%	94.8%	5.0%
Mercer Island	95.9%	98.6%	2.6%
Northshore	87.7%	89.6%	8.9%
Renton	80.0%	88.3%	14.4%
Riverview	84.4%	87.6%	4.9%
Seattle	57.6%	63.0%	22.1%
Shoreline	83.9%	90.1%	11.5%
Skykomish	88.9%	88.9%	11.1%
Snoqualmie Valley	78.1%	84.7%	5.2%
Tahoma	81.9%	85.1%	16.2%
Tukwila	87.6%	91.4%	8.6%
Vashon	89.4%	95.8%	7.7%
Total KC	**76.5%**	**81.4%**	**15.1%**

source: Washington State Superintendent of Public Instruction

Figure 8.2

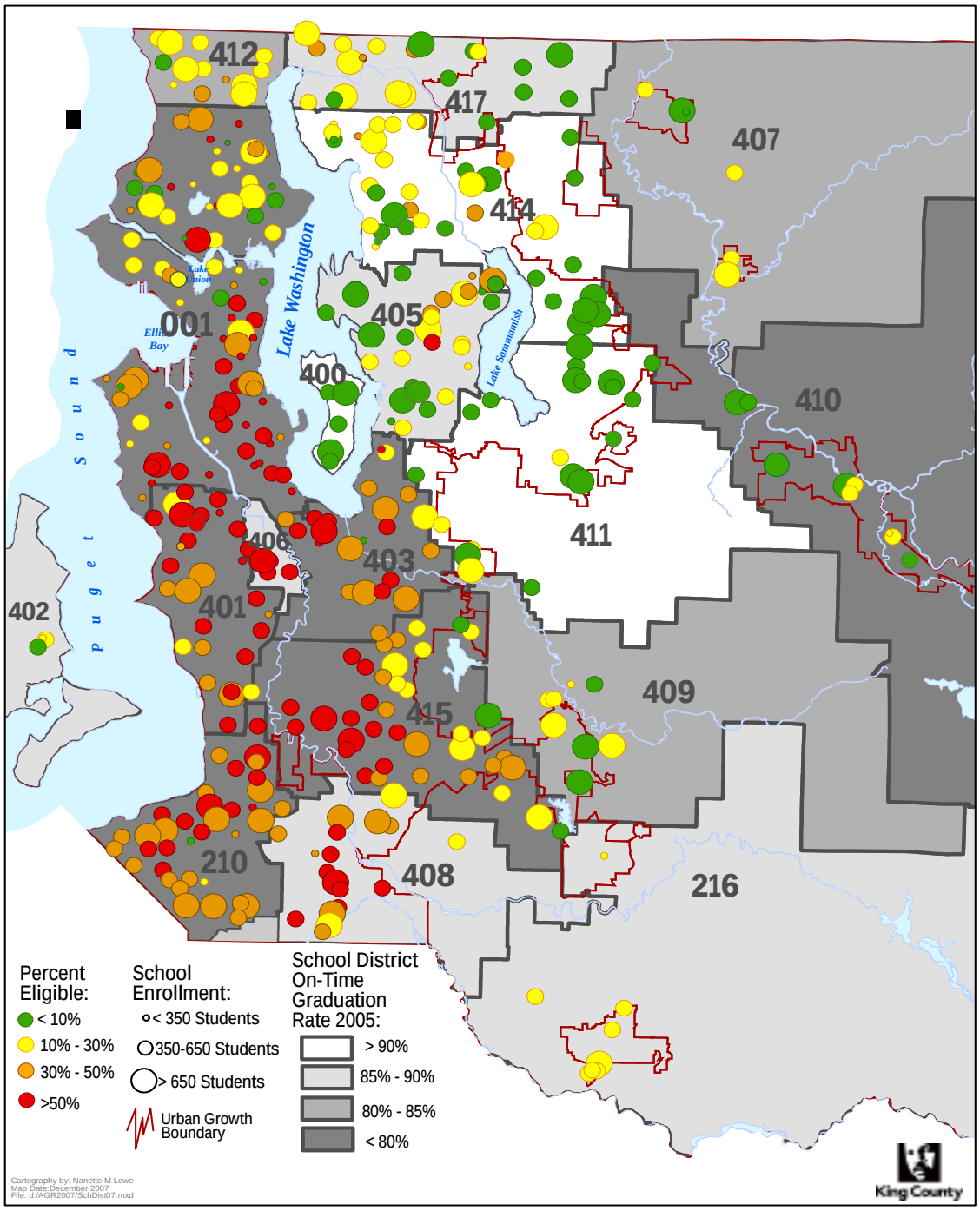
Graduation and Dropout Rates: WA State and King County

	2005 Cohort				All Grades	
	On-Time Graduation Rate*		Extended Graduation Rate*		2004-2005 Dropout Rate**	
	WA State	King County	WA State	King County	WA State	King County
Female	77.9%	80.1%	82.4%	84.2%	4.3%	3.4%
Male	70.9%	73.0%	76.4%	78.8%	5.8%	4.6%
American Indian	54.7%	51.4%	60.6%	58.5%	10.2%	9.8%
Asian/ Pacific Islander	80.2%	80.2%	85.2%	85.5%	3.3%	3.1%
Black	60.8%	57.1%	68.4%	65.1%	7.0%	6.6%
Hispanic	60.2%	55.8%	67.4%	63.8%	8.3%	7.9%
White	77.7%	81.8%	82.1%	85.9%	4.4%	3.1%
Limited English	63.4%	63.1%	75.2%	73.6%	6.5%	6.3%
Special Education	59.1%	57.7%	73.1%	70.6%	5.7%	4.7%
Low Income	64.8%	63.3%	72.1%	71.3%	6.7%	5.8%
All Students	**74.3%**	**76.5%**	**79.3%**	**81.4%**	**5.1%**	**4.0%**

source: Washington State Superintendent of Public Instruction

* On-time graduation rate reflects those students entering 9th grade in Fall 2001, graduating with their cohort in 2005. Extended graduation rate includes those students entering 9th grade in Fall 2001, graduating *after* 2005. ** 2004-2005 dropout rate is for all students (grades 9-12) that dropped out in the academic year.

In both King County and Washington State, female students had a higher graduation rate and lower dropout rate than their male counterparts. White and Asian/ Pacific Island students in King County had the lowest dropout *rate* at 3.1%. However, with almost 1,600 dropouts, white students accounted for more than half of the county's 3,100 dropouts in the 2004-2005 academic year. Conversely, with 120 dropouts, almost one in ten American Indian students dropped out, representing a much higher dropout *rate* in this student population than among white students.



School districts represented include: Auburn (408), Bellevue (405), Enumclaw (216), Federal Way (210), Highline (401), Issaquah (411), Kent (415), Lake Washington (414), Mercer Island (400), Northshore (417), Renton (403), Riverview (407), Seattle, (001), Shoreline (412), Skykomish (404), Snoqualmie (410), Tahoma (409), Tukwila (406), Vashon Island (402). Fife school district (800) falls partially within King County but is not included here.

source: Washington State Superintendent of Public Instruction

Percent Eligible for Free/Reduced Price Meals, by Public School (2006) & On-Time Graduation Rate, by School District (2005) in King County

Although there are some exceptions, a strong relationship exists between the geographic distribution of public schools that serve lower income families who qualify for free/reduced price meals and lower graduation rates. Most of the schools where more than 30% of the students are eligible for free/reduced price meals (red and orange dots) are in school districts with graduation rates below 80%. Those schools with lower eligibility for free/reduced price meals (green and yellow dots) tend to occur in school districts with higher graduation rates.

Notes and Data Sources

Indicator 1: Real Wages Per Worker

Data for figures 1.1 and 1.2 taken from the *Quarterly Census on Employment and Wages Report (2002 and 2006)* as provided by the Washington State Employment Security Department, available at http://www.workforceexplorer.com/. Washington State ESD defines *wages* as payment for labor or services performed. For figure 1.2, wages in real dollars are based on 1990 base year CPI for Seattle-Tacoma-Bremerton, WA area (not seasonally adjusted) as established by U.S. Department of Labor, Bureau of Labor Statistics, available at www.bls.gov. Figure 1.3 data taken from *2006 American Community Survey (ACS)*, available at http://www.census.gov/acs/www/. ACS defines *earnings* as the algebraic sum of wage or salary income and net income from self-employment. Earnings represent the amount of income received regularly before deductions for personal income taxes, Social Security, bond purchases, union dues, Medicare deductions, etc.

Indicator 2: Personal Income and Median Household Income

Figure 2.1 data taken from U.S. Department of Commerce, Bureau of Economic Analysis (BEA), available at http://www.bea.gov/regional/index.htm. Prior year reporting for per capita personal income may not match historical series in this bulletin, which was updated to reflect revised estimates provided by BEA as of May, 2008. *Total personal income* is defined as the sum of the amounts reported separately for wages, salary, commissions, bonuses, or tips; self-employment income from own nonfarm or farm businesses, including proprietorships and partnerships; interest, dividends, net rental income, royalty income, or income from estates and trusts; Social Security or Railroad Retirement income; Supplemental Security Income (SSI); any public assistance or welfare payments from the state or local welfare office; retirement, survivor, or disability pensions; and any other sources of income received regularly such as Veterans' (VA) payments, unemployment compensation, child support, or alimony. *Personal current transer receipts* include payments to persons for which no services are performed, including: retirement, disability, medical payments (primarily Medicare and Medicaid), veterans benefits, and Federal grants/ loans to students among others. Data for figures 2.2 and 2.3 taken from the U.S. Census Bureau *(1989 and 1999 Surveys)* and *American Community Survey (2000-2006),* available at http://www.census.gov/acs/www/. Real income for King County based on CPI as shown above in Indicator 1 notes. National real income based on 1990 base year CPI for U.S. city average (not seasonally adjusted) as established by U.S. Department of Labor, Bureau of Labor Statistics, available at www.bls.gov. Due to interpolation of income categories, the distribution of King County households by income should be considered an estimate. A note on methodology: prior year reporting used the Department of Housing and Urban Development (HUD) *Median Family Income adn Income Eligibility Limits by Household Size* figures as a proxy for median household income. Henceforth, median household income figures are taken from the U.S. Census Bureau and *American Community Survey* as discussed above. The median household income data reported in this bulletin is *not* comparable to previous reporting in the Benchmark Reports.

Indicator 3: Percentage of Population in Poverty

Data taken from U.S. Census Bureau *(1989 and 1999 Surveys)* and *American Community Survey* (2000-2006), available at http://www.census.gov/acs/www/. Poverty rate is estimated for population "for whom poverty status is determined," which may be a smaller universe than the total population of a geography. The *2006 American Community Survey* included Group Quarters in the national poverty rate estimate. The 2006 national poverty rate is slightly higher than expected due to the inclusion of this population. Comparison to 2000-2005 ACS data should be made with caution, as prior years did not inlcude Group Quarters.

Indicator 4: New Businesses Created

Figure 4.1 data taken from *Quarterly Census on Employment and Wages Report (2002 and 2006)* as provided by the Washington State Employment Security Department (ESD), available at http://www.workforceexplorer.com/. A portion of the business decline recorded in 2003 is due to changes in methodology made by ESD. Due to rounding, jobs by sector may not sum to the annual total. As classified by the North American Industry Classification System (NAICS) by the US Census Bureau, *"other services, except public administration"* is dominated by private households, which comprises those households employing workers on the premises in activities primarily engaged in the operation of the household, including individuals such as cooks, maids, nannies, butlers, gardeners, caretakers and other maintenance workers. "Private households" has been removed from the classification for this indicator. *"Business-to-business electronic markets"* bring together buyers and sellers of goods via the Internet or other electronic means and generally receive a commission for services rendered. Markets for both durable and nondurable goods are included in this industry. This industry does not include business-to-consumer/ consumer-to-consumer trade such as electronic shopping or mail-order houses. *"Retail 'storefront' sectors"* include: motor vehicle and parts dealers, furniture and home furnishings stores, electronics and appliance stores, building material and garden supply stores, food and beverage stores, health and personal care stores, gasoline stations, clothing and clothing accessories stores, sporting goods, ohbby, book and music stores, general merchandise stores and other miscellaneous store retaiers. These sectors account for roughly 94% of the firms and jobs in the retail trade industry. For more information about NAICS, see http://www.census.gov/epcd/www/naics.html.

Indicator 5: New Jobs by Employment Sector

Figure 5.1 data taken from *Quarterly Census on Employment and Wages Report (2002 and 2006)* as provided by the Washington State Employment Security Department, available at http://www.workforceexplorer.com/. Due to rounding, jobs by sector may not sum to the annual total.

Indicator 6: New Jobs in Sectors that Export

Quarterly Census of Employment and Wages from the US Department of Labor, Bureau of Labor Statistics (BLS). The Location Quotients (LQs) in each year uses the following calculation:

$$LQ = \left(\frac{\text{industry share of local employment}}{\text{total local employment}} \right) / \left(\frac{\text{industry share of national employment}}{\text{total national employment}} \right)$$

This calculation was performed automatically using the on-line Location Quotient calculator provided by BLS: (http://data.bls.gov/LOCATION_QUOTIENT/servlet/lqc.ControllerServlet) . An LQ greater than 1 indicates an industry with a greater share of the local area employment than is the case in the reference area. The analysis uses the North American Industry Classification System (NAICS), which replaced the Standard Industry Classification (SIC) system in 2002. Industry designations are based on 4-digit NAICS codes, while more general sector designations are based on 2-digit NAICS codes. Washington State export data in figure 6.3 taken from *Value of Washington Exports/ OFM Washington Trends*, provided by Washington State Office of Financial Management, available at http://www.ofm.wa.gov/trends/tables/fig106.asp.

Indicator 7: Educational Background of Adult Population

Data for figures 7.1 and 7.2 taken from the *2006 American Community Survey*, available at http://www.census.gov/.

Indicator 8: Twelfth Grade Graduation Rate

Data for figures 8.1 and 8.2 taken from *Graduation and Dropout Statistics For Washington's Counties, Districts, and Schools, School Year 2004-2005 (September 2006)*, provided by Washington State Office of the Superintendent of Public Instruction (OSPI), available at http://www.k12.wa.us/DataAdmin/default.aspx. Graduation and dropout rates are estimated. As data is reported by individual school districts using different methodologies, comparisons across distrits should be done with caution. Students that transferred to another school during the academic year are removed from all calculations to avoid double-counting students.

King County Benchmark Program

Established by the Growth Management Planning Council (GMPC) in 1995 as required by the WA State Growth Management Act, the King County Benchmark Program monitors 45 indicators that measure the progress of the King County Countywide Planning Policies. The indicators are intended to collectively articulate the impact of land use and development policies/ practices on our natural, built and social environment. Rather than focusing on the jurisdictional programs of the county's 40 jurisdictions, the Benchmarks provide a high level analytical view of change within the geographic boundaries of King County.

As one of the first and most durable efforts at monitoring outcomes in the public sector, the King County Benchmark Program demonstrates how measurement of broad quality-of-life outcomes can help determine if public policy and programs are making a difference. Public outcome monitoring is a strategy for change: it alerts us to what we are doing well and where we need to do better. It is closely connected to both the policy goals that it monitors, and to the strategic planning, programs, and services that are intended to implement those goals.

The Benchmark Program reports cover five policy areas: land use, economic development, transportation, affordable housing and the environment. All reports are available on the Internet at http://www.metrokc.gov/budget/benchmrk. For information, please contact Lisa Voight, Program Manager (206) 296-3464, King County Office of Management and Budget, 701 Fifth Ave, Suite 3200, Seattle, WA 98104, or e-mail: lisa.voight@kingcounty.gov.